

## Message Text

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PAGE 01 RANGOO 02330 281016Z  
ACTION EA-12

INFO OCT-01 ISO-00 ONY-00 SS-15 SSO-00 /028 W  
-----063457 281028Z /17-R

O R 280935Z JUN 78  
FM AMEMBASSY RANGOON  
TO SECSTATE WASHDC IMMEDIATE 5590  
INFO AMEMBASSY MANILA

CONFIDENTIAL RANGOON 2330

E.O. 11652: GDS  
TAGS: EAID, PORG, SHUM, BM, ADB  
SUBJECT: ADB SUGAR PROJECT LOAN

REFS: (A) STATE 163326; (B) 76 RANGOON 1110; (C) RANGOON A-142,  
JANUARY 7, 1975

1. EMBASSY HAS NOT YET RECEIVED LOAN DOCUMENTS FROM USADB  
REGARDING THE PYANMANA SUGAR PROJECT, NOR HAVE WE BEEN REQUESTED  
TO COMMENT ON THE PROPOSED LOAN FOR NAC AGENCIES. CONSEQUENTLY,  
WE HAVE VERY LITTLE DIRECT INFORMAGION ON THE PROJECT, NOR HAVE  
WE SEEN THE RESULTS OF THE TECHNICAL STUDY. IT IS OUR UNDER-  
STANDING THAT THIS LOAN IS A FOLLOW-ON TO THE TECHNICAL ASSISTANCE  
ADB GRANT TO THE PYINMANA SUGAR MILL IN APRIL 1976 (REF B).

2. BASED ON INFORMATION AVAILABLE FROM THE TECHNICAL ASSISTANCE  
DOCUMENTS THE PROPOSED PROJECT INCLUDES THE FOLLOWING:

(A) REHABILITATION AND EXPANSION OF THE PYINMANA SUGAR MILL  
(B) REHABILITATION AND EXPANSION OF THE PYINMANA SUGAR MILL  
WORKSHOP;  
(C) CONSTRUCTION OF IRRIGATION AND DRAINAGE FACILITIES IN A  
FACTORY ZONE OF ABOUT 25,000 ACRES IN AREAS CLOSE TO THE  
PYINMANA SUGAR MILL;  
(D) IMPROVEMENT OF THE FEEDER ROAD NETWORK IN THE FACTORY ZONE  
AREA;  
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(E) REHABILITATION AND EXPANSION OF THE SEEN CAN FARM AT ELA  
AND ESTABLISHMENT OF HOT WATER TREATMENT (HWT) FACILITIES AT  
THE PYINMANA SUGAR MILL;  
(F) ESTABLISHMENT OF A POOL OF TRACTORS AND ITS WORKSHOP AT THE  
PYINMANA SUGAR MILL;  
(G) IMPROVEMENT OF EXTENSION SERVICES, PROVISIONS OF INPUTS  
AND CREDIT, SUPPORTED BY APPGPRIATE CANE PRICING AND

PROCUREMENT ARRANGEMENTS;

(H) CONSULTANTS' SERVICES TO ASSIST IN THE IMPLEMENTATION OF THE PROJECT.

3. BURMA HAS ONE OF THE LOWEST PER CAPITA CONSUMPTIONS OF SUGAR IN THE WORLD. ALMOST NO SUGAR IS IMPORTED. ALL THE INCREASED OUTPUT FROM THE PROPOSED PROJECT WOULD BE CONSUMED IN COUNTRY. THE PER CAPITA CONSUMPTION OF ALL OTHER SWEETENERS, INCLUDING TODDY PALM JAGGERY, IS ALSO VERY LOW. OFFICIAL FIGURES PLACED PER CAPITA CONSUMPTION OF ALL SWEETENERS, INCLUDING SUGAR, AT 4.5 KG. AS CONSIDERABLE QUANTITIES OF SWEETENERS ARE PRODUCED AND TRADED OUTSIDE THE OFFICIAL MARKET, PER CAPITA CONSUMPTION IS PROBABLY SOMEWHAT HIGHER THAN THIS FIGURE WOULD INDICATE. NEVERTHELESS, THE AVERAGE PER CAPITA CALORIC INTAKE IS IN THE RANGE OF 2800 TO 3000 CALORIES. ALTHOUGH THERE IS SUFFICIENT NOURISHING FOOD IN BURMA, MALNUTRITION IS FAIRLY COMMON, PARTICULARLY AMONG BABIES. THIS IS NOT BECAUSE OF LACK OF REFINED SUGAR, BUT STEMS MAINLY FROM IGNORANCE OF PROPER DIET AND THE LACK OF MILK AND OTHER DAIRY PRODUCTS.

4. IT STRIKES US THAT THE MAIN BENEFICIARIES OF THE PROPOSED SUGAR SCHEME WOULD BE THE SUGAR PLANTERS. ALTHOUGH WE LACK DETAILS, PRESUMABLY THE PRESENT TENANTS OF THE 25,000 ACRE TRACT, WHICH WE BELIEVE IS NOW UNDER CULTIVATION, WILL ENJOY A LARGER INCOME ONCE THE PROJECT IS COMPLETED. ALSO, THERE WILL BE SOME EMPLOYMENT GENERATED. ALTHOUGH SUGAR PLANTERS IN BURMA ARE CONFIDENTIAL

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BY NO MEANS RICH, THEIR AVERAGE INCOME IS HIGHER PER ACRE THAN RICE FARMERS. THE AVERAGE HOLDING IS ABOUT 10 ACRES.

5. TO THE EXTENT THE PROPOSED PROJECT WOULD ASSIST IN RAISING STANDARDS OF LIVING OF SUGAR FARMERS AND OTHERS WHO FOUND EMPLOYMENT IN CONNECTION WITH THE PROJECT, IT WOULD SEEM TO MEET A BASIC HUMAN NEED CRITERIA. HOWEVER, WE VIEW INCREASING THE PRODUCTION (AND CONSUMPTION) OF REFINED SUGAR IN BURMA AS A LOW PRIORITY OBJECTIVE AS COMPARED TO THE COUNTRY'S MANY OTHER NEEDS AND WONDER WHETHER THE PROPOSED LOAN IS JUSTIFIABLE ON ECONOMIC GROUNDS.

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## Message Attributes

**Automatic Decaptoning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR, LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 jun 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
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**Errors:** N/A  
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**Retention:** 0  
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**Review Content Flags:**  
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**Review Event:**  
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**Subject:** ADB SUGAR PROJECT LOAN  
**TAGS:** EAID, PORG, SHUM, BM, ADB  
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**Type:** TE  
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